

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 AF-10 ARA-10 EA-10 NEA-10 /166 W

-----024579 071410Z /53

R 062239Z APR 78

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5897

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

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ALSO FOR USEC

GENEVA ALSO FOR MTN; PARIS ALSO FOR OECD

PASS TREASURY

E.O. 11652: N/A

TAGS: EIND, ETRD, US, EC, BE

SUBJECT: BELGIAN VIEWS ON THE TPM AND OTHER STEEL MATTERS

REF: STATE 68324

1. AN EMBASSY OFFICER LUNCHEDED APRIL 6 WITH REPRESENTATIVES

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OF THE BELGIAN STEEL FEDERATION (JEAN GHISLAIN) AND THE

FOREIGN MINISTRY (DEPUTY DIRGEN FOR ECONOMIC AFFAIRS JAN

HOLLANTS AND U.S. DESK OFFICER ROBERT BUYSSE) TO DISCUSS

THE CURRENT STATUS OF U.S.-BELGIAN STEEL TRADE,

PARTICULARLY WITH REFERENCE TO OUR FORTHCOMING REQUIREMENT

FOR PERIODIC PRICE/COST INFORMATION.

2. THESE OFFICIALS SAID THAT THEY WOULD, OF COURSE, CO-OPERATE IN ANY WAY POSSIBLE. FURTHER THEY UNDERSTAND THAT IT IS IN BELGIUM'S INTEREST TO ASSURE THAT TREASURY HAS THE BEST, MOST RECENT, AND MOST COMPLETE DATA ON WHICH TO BASE POSSIBLE "FAST-TRACK" ANTI-DUMPING DECISIONS. GHISLAIN, IN PARTICULAR (WHO HAS ALWAYS BEEN VERY COOPERATIVE WITH THE EMBASSY, QUESTIONED THE NEED, HOWEVER, FOR SUCH AN ELABORATE INFORMATION-GATHERING SYSTEM. HE SAID FLATLY THAT, UNDER FEDERATION GUIDANCE, BELGIAN STEEL EXPORTERS ARE CHARGING THE TP, NOTHING MORE OR LESS--GIVEN THE CURRENT USG SURVEILLANCE SYSTEM, THEY HAVE LITTLE CHOICE. GHISLAIN THUS BELIEVES THAT DATA REPORTED THROUGH THE "FOREIGN INDUSTRY QUESTIONNAIRE" WILL NEVER BE NEEDED FOR ITS STATED PURPOSE. WHILE NOT YET IN POSSESSION OF THE QUESTIONNAIRE (WHICH HAD NOT ARRIVED AT THE TIME OF THIS MEETING), GHISLAIN ALSO POINTED OUT THAT RELIABLE COST INFORMATION WILL BE DIFFICULT AND TIME-CONSUMING TO COLLECT. (THE MFA REPS WERE NON-COMMITAL PENDING RECEIPT OF THE FORMS).

3. FOR THESE REASONS, GHISLAIN ALSO BELIEVES IT WOULD BE UNWISE TO SEND THE "CUSTOMS QUESTIONNAIRE" TO BELGIAN FIRMS TO KEEP UP TO DATE ON A CURRENT BASIS. HE SAID THIS MIGHT BE ONE STRAW TOO MANY FOR STEEL COMPANY DIRECTORS WHOSE ADHERENCE TO THE TPM ALREADY MEANS MORE ADMINISTRATIVE HEADACHES AND RED INK FOR THEM. EXPANDING LIMITED OFFICIAL USE

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ON THE LAST POINT, GHISLAIN SAID THAT BELGIAN AND LUXEMBOURG STEEL COMPANY DIRECTORS, MEETING AT THE FEDERATION THIS WEEK, PROJECT THEIR AVERAGE MONTHLY U.S. SALES FROM NOW THROUGH SEPTEMBER AT ONLY FIFTEEN TO THIRTY PERCENT OF THE 1977 TWELVE-MONTH AVERAGE (TONNAGE). AT THE LOW END, SALES OF STEEL RODS AND COLD-ROLLED SHEET FOR THE GREAT LAKES AREA HAVE ALMOST ENDED; AT THE HIGH END, THERE IS LITTLE BUT THICK SHEET (20 MM AND OVER) FOR CUSTOMERS IN THE SOUTHERN U.S. THESE ESTIMATES ARE BASED ON A CONTINUATION OF CURRENT TRIGGER PRICE LEVELS IN THE SECOND AND THIRD QUARTERS OF THIS YEAR. (IN THIS CONNECTION, GHISLAIN ALSO MADE A STRONG PITCH THAT THE NEXT TP ADJUSTMENT COMPENSATE EUROPEAN EXPORTERS FOR GREAT LAKES FREIGHT DIFFERENTIALS AND RECENT YEN-DOLLAR MOVEMENTS, BOTH OF WHICH HE ARGUES GIVE THE JAPANESE AN UNFAIR ADVANTAGE UNDER THE TPM SYSTEM).

4. CONCERNING OTHER MATTERS, GHISLAIN SAID:

A. DAVIGNON PLAN. MINIMUM PRICE LEVELS APPEAR TO BE WORKING AND SHOULD REDUCE TOTAL BELGIAN STEEL LOSSES FROM \$500 MILLION (1977) TO \$100-150 MILLION THIS YEAR.

FEDERATION AND EUROFER STUDIES INDICATE NONETHELESS THAT THESE BENEFITS, WHICH WILL FADE WITH TIME, PROVIDE MUCH LESS PROTECTION THAN DOES THE TPM (LARGELY DUE TO CONTINUED ALBEIT LIMITED THIRD COUNTRY ACCESS TO EC MARKETS).

B. INTERNAL RESTRUCTURING. THE TRIPARTITE CONFERENCE ORIGINALLY SCHEDULED FOR THIS MARCH TO DECIDE ON REFORM OF BELGIAN STEEL (SEE 77 BRUSSELS 16501) IS POSTPONED PROBABLY UNTIL MAY. THE REAL NEGOTIATIONS ARE GOING ON NOW AND ARE PROVING VERY DIFFICULT--PARTICULARLY WITH LABOR WHICH IS NOW FACING 10,000 OR MORE DISMISSALS OVER A FIVE-YEAR PERIOD. GHISLAIN ALSO CONFIRMED LOCAL PRESS REPORTS THAT THE LUXEMBOURG STEEL GIANT ARBED IS IN ACTIVE DIS-LIMITED OFFICIAL USE

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CUSSION WITH CHARLEROI STEEL INTERESTS WITH AN EYE TO REGROUP THESE WITH ITS OPERATIONS IN LUXEMBOURG, THE SAAR AND THE ARBED-OWNED SIDMAR PLANT IN GHENT. CHAMBERS

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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